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SUBJECT: PUEBLA ONCE AGAIN THE SITE OF INTENSE DISPUTE
BETWEEN COMPETING WORKER GROUPS

REF: (A) MEXICO 0324 (B) OTTAWA 0767

¶1. Summary: The central Mexican state of Puebla is once again the site of a bitter dispute between two labor groups competing for control of a collective bargaining contract at &Mexmode8, a sport clothing manufacturer. In this latest instance of conflict between workers, groups the competing parties are each affiliated with Mexico,s two main opposition political parties. A previous inter-union type dispute in Puebla (Ref A) was occasionally tense but rarely were there any serious concerns over a potential outbreak of violence. This new row, occurring at a factory that mainly produces merchandise for international sporting goods company Nike, has shown clear signs of being potentially violent. Moreover, are accusations that the political affiliations of the parties involved in this disagreement have prompted local labor authorities to act in ways inconsistent with their role as neutral arbiters. In 2003, the Mexmode factory, which is owned by the Korean &Kuk-Dong8 corporation, was the subject of a submission (formal complaint) under NAFTA,s labor side accord, the North American Agreement on Labor Cooperation (NAALC), for alleged labor rights violations. End Summary.

The Dispute

¶2. Starting in January 2008 a long simmering dispute at the &Mexmode8 clothing manufacturing company in the central Mexican state of Puebla began to take on a new level of intensity. Mexmode employs nearly 700 workers who mostly produce sports apparel for the Nike brand. In 2001 the workers at Mexmode voted to change union representation away from an older, more established and rather complacent labor union to another that they viewed as more willing to take on management with regard to defending labor rights. The losing side in that contest for control of the Mexmode workers, collective bargaining contract was a member union of the CROC (Revolutionary Confederation of Workers and Peasants), the third largest labor federation in Mexico. It appears that the larger CROC realized that its affiliate had lost the support of the workers but the local member union (FROC) Regional Front of Workers and Peasants) never fully accepted its defeat. Instead, the FROC formed a dissident group within the winning union and has continually used regularly scheduled annual assembly meetings to criticize from within in hopes of returning to power.

¶3. In March of this year these criticisms began to take hold when the current union leadership decided to support company management in implementing a productivity enhancement

program. The program was portrayed by the dissidents as an attempt to make Mexmode,s staff work harder but without any commensurate increase in pay. The dissidents also partially succeeded in portraying the union leadership, currently headed by Secretary General Josefina Hernandez, as being too cozy with company management. Hernandez and the other Mexmode union leaders were scheduled to hold an assembly meeting to conduct normal union business and brief the members on overall situation of their organization this past April but failed to do so.

¶4. While the purpose of the cancelled April meeting was to discuss routine union business it could also have been used to launch a no confidence vote in the present leadership. Consequently, Hernandez and her supporting union leaders decided not to hold the scheduled assembly in April stating that they feared an outbreak of violence. Media reports covering the events at Mexmode certainly described an extremely tense situation and it is very possible that there could indeed have been violence between the competing groups.

¶5. Whatever the merits of the choice not to hold the previously scheduled April meeting, the decision itself rapidly became the focus around which the dissidents rallied. As relations between the competing groups deteriorated the decision not to hold the April assembly became the basis for which the dissidents affiliated themselves with a mass organization of questionable background know as &Antorcha Campesina8 (Peasant Torch). Shortly after the dissidents obtained Antorcha Campesina,s (AC) support they filed a

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formal complaint with the Puebla labor authorities over the current union leadership,s failure to hold the scheduled assembly. This formal filing was followed up with protests outside of the Mexmode factory, wildcat strikes, physical abuse and intimidation by AC supporters and in mid-May an impromptu assembly that &elected8 a new leadership slate. This new leadership, with AC,s support, is demanding that the Puebla labor authorities recognize them as the legal representatives of the Mexmode workers.

The Players

¶6. There are a number of different elements involved in the ongoing dispute at the Puebla Mexmode factory. First and foremost is the fractured union itself, Sitemex (Independent Union of Mexmode Workers). As noted above, the current leader of Sitemex is Secretary General, Josefina Hernandez. Sitemex is a member of the National Workers, Union (UNT), the second largest labor federation in Mexico. The UNT describes itself as being &independent8. However, in the Mexican context, independent labor organizations are actually those entities that have no formal link with any of Mexico,s political parties. Although not officially linked to any political party, by any measurement that matters, these independent organizations are closely tied to the PRD (Party of the Democratic Revolution Mexico,s, main opposition party. The national leader of the UNT has been very public in his support for Josefina Hernandez and Sitemex,s current leadership slate.

¶7. The leader of the dissident group within Sitemex is led by Enrique Puente. Some labor observers and several media reports have linked Puente and his supporters to the Puebla FROC, and by extension to the larger national CROC labor federation. Post notes that while the CROC officially lists the FROC as a member of its broader organization it has long been at odds with many of its associate members in Puebla and has little effective control over these affiliates. For all practical purposes Puente and his supporters have no real connection to the CROC beyond a link on paper and in recent weeks have fully taken on the mantle of Antorcha Campesina.

18. The Antorcha Campesina organization began in the 1970,s as a student movement in Puebla dedicated to promoting the interests of peasant and agricultural worker groups. Over time AC expanded from its original focus on agricultural issues and now also includes a broad range of labor issues on its agenda. This expanded focus has enabled the AC to grow into a national level organization. Concurrent with its growth in size the AC acquired a reputation for using aggressive protest tactics to the point where some Mexican academics describe it as a paramilitary organization. The AC claims it is formally linked to Mexico,s former ruling party, the PRI (Institutional Revolutionary Party). The PRI is one of Mexico,s two main opposition parties and is currently the governing party in Puebla. Some international groups who monitor labor issues in Mexico claim that the AC is controlled by the PRI. There seems little doubt that for its own reasons the AC works closely with some PRI politicians in Puebla but, based on currently available information it would be a stretch to assert that it is controlled by the PRI.

19. The Mexmode Company is a maquiladora factory operated by the Korean owned Kuk-dong Corporation. By all publicly available reports Kuk-dong/Mexmode, Sitemex and their main customer, Nike, have maintained a generally positive relationship. Kuk-dong and Nike have remained publicly neutral with regard to which group controls the Mexmode collective bargaining. That said, the Korean owners of Mexmode have sent high level executives to Mexico to try and help resolve the dispute between the competing labor groups within the factory. Josefina Hernandez and the UNT have welcomed the involvement of Mexmode,s Korean owners. Enrique Puente and the AC have asserted that the involvement of Kuk-dong corporation executives is proof that the current leadership of Sitemex is controlled by company management. They seem to totally ignore the fact that at present Josefina Hernandez and union she leads are the legally recognized representatives of the workers at the Mexmode factory.

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The Puebla Labor Authorities -----

110. The labor authorities in Puebla are represented in this dispute by the state government,s Secretariat for Social Development, Secretariat of Labor and that office,s Conciliation and Arbitration Board (is roughly equivalent to Labor Relations Board in the US). As in the case of previous labor disputes in Puebla (Ref A) the authorities there have been extremely deliberate in their handling of the Mexmode situation. The authorities have done little to resolve the dispute, levied no penalties for wildcat strikes and taken no actions against those accused of physical abuse and intimidation of UNT supporters within the factory.

111. The authorities have declined to formally recognize the impromptu election in which Enrique Puente and the AC are claiming they won the right to represent the Mexmode workers. However, the authorities have also failed to formally reject the results of that election which apparently failed to meet the minimum quorum requirements. They did indicate their willingness to formally organize elections to determine which group would be the legal representatives of the Mexmode workers but said it might take another two months before these elections could be held. Some international NGO,s have claimed that the PRI government in Puebla is tacitly supporting Enrique Puente and AC against Josefina Hernandez and the UNT in order to gain their support for upcoming elections in 2009.

Comment

¶12. The situation at the Mexmode factory is characterized by varying degrees of mistakes and unacceptable behavior compounded by the relative inaction of less than vigilant arbiters. The current leadership of the Mexmode workers union clearly misjudged the extent to which the AC supported dissidents would be able to portray their actions in the worst possible light. Moreover, their failure to hold a previously scheduled assembly meeting only served to validate many of the complaints against them. That said, the strong arm tactics and alleged physical abuse of the current Sitemex union leaders employed by the dissidents cannot be justified under any circumstances. All of this is being made worse by the overly cautious behavior of the Puebla labor authorities and their failure to even investigate the abuse allegations against the dissidents and their Antorcha Campesina supporters.

¶13. Post will continue to monitor the Mexmode situation and report as appropriate. We note that labor problems in Puebla generally take an extended period to resolve. For example, in 2003 Mexmode was in part the subject of a submission (formal complaint) under NAFTA's labor side accord, the North American Agreement on Labor Cooperation (NAALC), for alleged labor rights violations. The basis of this submission centered around complaints of failure to observe such principles as freedom of association, occupational health and safety requirements, and minimum employment standards (with regard to payment of back wages or worked overtime). A final resolution of this submission is still outstanding although as recently as this past April (Ref B) the governments of the US, Canada and Mexico renewed their commitment to using the NAALC to resolve these types of Labor disputes.

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